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IN THE

Supreme Court of the United States

October Term, 1950

No. 108

BLANCHE M. KENYON, individually and as Executrix under the Last Will and Testament of Bertram C. Kenyon, deceased,

Petitioner,

vs.

AUTOMATIC INSTRUMENT COMPANY,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Blanche M. Kenyon, individually and as Executrix under the Last Will and Testament of Bertram C. Kenyon, deceased, prays that a writ of certiorari issue to the United States Court of Appeals for the Sixth Circuit to review the judgment of that Court filed February 9, 1951.

A certified transcript of the record in the case, including the proceedings in the Court of Appeals, is furnished herewith in compliance with Rule 38 of the Rules of this Court.

OPINIONS BELOW

The opinion of the District Court (R. 355-370) is reported in 89 F. Supp. 602. The opinion of the Court of Appeals (R. 478-483) is reported in 186 F. 2d 752.

JURISDICTION

The judgment of the Court of Appeals was entered on February 9, 1951 (R. 478). A petition for a rehearing was denied on March 21, 1951 (R. 493). The jurisdiction of this Court is invoked under 28 U.S.C., Section 1254 (1).

THE QUESTION PRESENTED

May a manufacturer apply to his product a notice stating that the product is manufactured under "one or more" of the patents enumerated thereon, and at the same time, when sued for royalties due on one of the patents so enumerated, contend that the notice is vague and meaningless and that the product is not manufactured under the patent?

STATUTES INVOLVED

The pertinent statutory provisions are printed in the Appendix, infra, pp. 10-13.

SUMMARY STATEMENT OF THE MATTER INVOLVED

This is a civil action brought by Petitioner to recover royalties due under a contract for the use of an invention.

On December 7, 1925, a contract (Plaintiff's Exhibit 4, quoted in the opinion of the trial court, R. 355, 358) was made by Bertram C. Kenyon and Automatic Musical Instrument Company pertaining to a multiple disc phonograph which Kenyon had invented. The Com-

pany agreed to pay a royalty to Kenyon, and Kenyon agreed to file an application for a patent for the invention and to assign it to the Company. The Company retained attorneys to prepare the patent application (Stipulation, R. 51, 53, paragraph 7). Kenyon assigned (Plaintiff's Exhibit 5, R. 56) to the Company his interest in Patent No. 1,879,693 (Plaintiff's Exhibit 5, R. 443) which issued upon that application. The Company made the phonographs and paid royalties until 1930 (Stipulation R. 51, 52, paragraph 5).

The Respondent later purchased the assets of the Automatic Musical Instrument Company, including the Kenyon patent. The Court of Appeals, in a previous appeal (160 F. 2d 878), held that Respondent is bound by the contract.

The Kenyon patent is concerned with a phonograph for playing disc records. It has a record changer adapted for automatic operation to select and play any desired record of a group of records. Deposit of a coin places the phonograph in condition for operation, and the operations of selecting a record, playing that record and then returning the record for storage are performed automatically in proper sequence each time the machine is started.

The Kenyon phonograph has a rack which holds a number of disc records in vertical position adjacent to a horizontal turntable. A record transfer mechanism in the device has jaws for gripping a record. Means are provided to cause relative movement between the transfer means and the rack to select the record to be played. When the record has been selected, the jaws are projected to grip the record and then are swung to deposit the record on the turntable. The jaws rotate as they swing, so that they turn the

record from a vertical to a horizontal position. The Kenyon patent illustrates a mechanism in which the record rack is stationary and the transfer means moves, and in which the jaws grip the opposite sides of the marginal edge of the record.

Respondent manufactured a multiple disc phonograph identified as Model ARC (Defendant's Exhibit A, R. 88) in the period from October 18, 1935, through May 31, 1946 (Stipulation, R. 51, 52, paragraph 1). Respondent manufactured a multiple disc phonograph identified as Model 500 (Defendant's Exhibit B, R. 88) commencing June 1, 1946 (Stipulation, R. 51, 52, paragraph 2). No royalties were paid by Respondent upon either of these phonographs, and this action was instituted to collect royalties upon phonographs of both types.

The Respondent's Model ARC and Model 500 phonographs play disc records and have coin controlled record changers which select a record, play it and return it to storage automatically each time the machine is started. Each has a rack to hold a number of records in vertical position adjacent to a horizontal turntable; a record transfer mechanism with jaws to grip a record; means to cause relative movement between the transfer means and the rack to select a record; means for projecting the jaws to grip the record selected and for swinging the jaws to deposit the record on the turntable; and means for rotating the jaws to turn the record from a vertical position to a horizontal position. In each model of Respondent's phonographs, the record rack moves relative to the transfer means to select a record, and the jaws grip the record at the peripheral boundary (R. 227).

Respondent's Model ARC devices which were manufactured from October 19, 1935 through May 31,

1946, all carried a patent notice (Plaintiff's Exhibit 23, R. 76; Plaintiff's Exhibit 24, R. 74). Each notice stated

> "This device is manufactured under one or more of the following patents,"

and each notice enumerated the Kenyon patent No. 1,879,693 and other patents. The use of such notices continued after this action was filed. (R. 74)

Respondent retained ownership of the Kenyon patent No. 1,879,693, and did not reject or disclaim the contract in suit, until June 15, 1948. (R. 425)

The trial court stated in its opinion that the claims of the Kenyon patent must be narrowly construed and limited in scope to the particular principle and mechanism described (R. 355, 362); that the ARC and 500 models are not within the scope of the claims of the Kenyon patent when so construed (R. 367); and that the Respondent's use of the patent notice does not impose liability on the Respondent for royalties (R. 368). A judgment denying recovery was entered (R. 381).

The Court of Appeals affirmed the judgment (R. 478). In its opinion, the Court of Appeals mentioned the patent notice, stating (R. 482)

> "This notice, required under Sec. 49, 35 U.S.C. is vague."

and concluded (R. 483)

> "We think, as found by the District Court, the Kenyon contract did not cover the ARC and 500 models, and the inclusion of the patent number in a somewhat meaningless patent notice does not change the situation."

The Court of Appeals denied a petition for rehearing (R. 493).

SPECIFICATION OF ERRORS TO BE URGED

The errors which Petitioner will urge if the writ of certiorari is allowed, are that the Court of Appeals for the Sixth Circuit erred:

1. In holding that Respondent's patent notice is vague and meaningless.

2. In failing to hold that Respondent's use of the patent notice is a representation to the public that the product bearing the notice is manufactured under the Kenyon patent, and that Respondent is bound thereby.

3. In holding that the contract did not cover the Respondent's ARC and 500 model phonographs.

4. In holding that the Respondent's ARC and 500 model phonographs are not within the scope and claims of the Kenyon patent.

5. In refusing to correct the printed record.

6. In disregarding Sec. 27.914 of Michigan Statutes Annotated.

REASONS FOR GRANTING THE WRIT

1. The Court of Appeals for the Sixth Circuit, in permitting Respondent, authorized to use a patented invention upon payment of a royalty, and who has applied to his product a patent notice enumerating the patent for that invention, when sued to collect the royalty, to contend that the notice is vague and meaningless and thus avoid liability for the royalty, has rendered a decision in conflict with the decision of the Court of Appeals of the Seventh Circuit in Harley

C. Loney Co. vs. Perfect Equipment Co., 178 F. (2d) 165, 169, and in conflict with decisions of other federal courts on the same matter.

In Loney vs. Perfect, the patent had been held invalid, but the licensee had continued to apply a patent notice, and the Court held the licensee liable for royalties, saying:

> "The fact that it still places upon its manufactured product the number of the Hume patent is a representation to the public that the patent is claimed to be valid and that the product marked is authorized to be manufactured and sold under the patent."

The Court of Appeals for the Sixth Circuit has previously applied the same rule. Thus in Kant-Skore Piston Co. vs. Sinclair Mfg. Corporation, 32 F. (2d) 882, 885, in speaking of the use of the word "patented" on a notice, it said:

> "Actually, however, defendant secured what it had primarily bargained for, protection in fact from interference by plaintiff and all third parties with the monopoly of its article, and it got this by deliberately purporting to manufacture and sell its pistons under the patent and the contract."

Other decisions, including The Collis Co. vs. Consolidated Machine Tool Corporation of America, 41 F. (2d) 641, 644 (C.C.A. 8); Sproull vs. Pratt & Whitney Co., 97 Fed. 807, 809 (D.C.S.D.N.Y.); Wilcolator Co. vs. Robert Shaw Thermostat Co., 26 F. Supp. 255, 257 (D.C.W.D.Pa.); and Jones vs. VanKirk, Fed. Cas. No. 7500 (C.C.Pa.), all recognize and assert an estoppel preventing a party from denying that a product bearing a patent notice containing the number of a patent is made under that patent.

This Court has not passed upon the issue.

The effect of this decision is to place a premium upon vagueness, and to encourage manufacturers to use in a patent notice any statements creating the impression, but not stating in precise words, that a product is manufactured under a patent.

Heretofore, a manufacturer has been responsible for misstatements in a patent notice. Under 35 U.S.C., Section 50, a manufacturer is liable to a penalty for every offense of specified types of intentional mismarking using the word "patent." The decision of the Court of Appeals in this case is directly in conflict with that statute.

Unless reversed, the decision will stand as a precedent in the Sixth Circuit, encouraging the misuse of patent notices by licensees of patents.

2. Clearly, the question presented is of moment and importance to the public. It affects all patent notices in cases where the patents in the notice are the subject of contracts to pay royalties.

The public and the trades and industries are familiar with patent notices. Such notices appear upon manufactured articles of all kinds and descriptions. The use of a patent notice, no matter how worded, is accepted as a matter of course by the public as being a representation that the patents enumerated in the notice cover the product marked, and that the notice is applied under the statutes, and particularly under 35 U.S.C., Section 49.

The decision of the Court of Appeals will produce uncertainty in business. Business people have relied upon the patent notices applied to the products of their competitors as accurate statements of the positions

of those competitors concerning the application of the patents enumerated in the notices to the products bearing the notices. Under the decision of the Court of Appeals in this case, no such reliance can be had in a case which may come before a Court in the Sixth Circuit. Rather, competitors and licensors of patents must search for possible bases for claims of vagueness in the wording of a patent notice, and consider the possibility that any notice may be contended by the one who uses it to be meaningless, even while use of the notice is continued.

The public and business men are entitled to settlement of the issue of whether or not use of a patent notice is binding on the user for all representations that the notice purports to assert.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

EUGENE C. KNOBLOCK,
Counsel for Petitioner.

MILTON A. JOHNSON,
Of Counsel.

South Bend, Indiana,
June 6, 1951.

APPENDIX

35 U.S.C., Sec. 49: It shall be the duty of all patentees and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word "patent," together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice: Provided, however, That with respect to any patent issued prior to April 1, 1927, it shall be sufficient to give such notice in the form following, viz.: "Patented," together with the day and year the patent was granted; and in any suit for infringement by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement and continued, after such notice, to make, use, or vend the article so patented.

35 U.S.C., Sec. 50: Every person who, in any manner, marks upon anything made, used, or sold by him for which he has not obtained a patent, the name or any imitation of the name of any person who has obtained a patent therefor without the consent of such patentee, or his assigns, or legal representatives; or

Who, in any manner, marks upon or affixes to any such patented article the word "patent" or "patentee," or the words "letters patent," or any word of like import, with intent to imitate or counterfeit the mark or device of the patentee, without having the license or consent of such patentee or his assigns or legal representatives; or

Who, in any manner, marks upon or affixes to any unpatented article the word "patent," or any word importing that the same is patented, for the purpose of deceiving the public, shall be liable, for every such offense, to a penalty of not less than $100, with costs; one-half of said penalty to the person who shall sue for the same, and the other to the use of the United States, to be recovered by suit in any district court of the United States within whose jurisdiction such offense may have been committed.

Sec. 27.914, Michigan Statutes Annotated: Testimony of opposite party on matters equally within knowledge of deceased or insane person; depositions taken during lifetime or competency. Sec. 65. When a suit or proceeding is prosecuted or defended by the heirs, assigns, devisees, legatees, or personal representatives of a deceased person, the opposite party, if examined as a witness in his own behalf, shall not be admitted to testify at all to matters which, if true, must have been equally within the knowledge of such deceased person; and when any suit or proceeding is prosecuted or defended by any surviving partner or partners, the opposite party, if examined as a witness in his own behalf, shall not be admitted to testify at all in relation to matters which, if true, must have been equally within the knowledge of the deceased partner, and not within the knowledge of any one of the surviving partners. No person who shall have acted as an agent in the making or continuing of a contract with any person who may have died, shall be a competent witness in any suit involving such

contract, as to matters occurring prior to the death of such decedent, on behalf of the principal to such contract against the legal representatives or heirs of such decedent, unless he shall be called by such heirs or legal representatives. And when any suit or proceeding is prosecuted or defended by any corporation, the opposite party, if examined as a witness in his own behalf, shall not be admitted to testify at all in relation to matters which, if true, must have been equally within the knowledge of a deceased officer or agent of the corporation, and not within the knowledge of any surviving officer or agent of the corporation, nor when any suit or proceeding is prosecuted or defended by the heirs, assigns, devisees, legatees, or personal representatives of a deceased person against a corporation (or its assigns) shall any person who is or has been an officer or agent of any such corporation be allowed to testify at all in relation to matters which, if true, must have been equally within the knowledge of such deceased person: Provided, That whenever the words "the opposite party" occur in this section it shall be deemed to include the assignors or assignees of the claim or any part thereof in controversy: Provided further, That when the testimony of any person would be barred in case of any of the persons hereinbefore mentioned, it shall also be barred if such person shall have been adjudged to be and still is at the time of trial insane or mentally incompetent, as to all matters which, if true, must have been equally within his knowledge at a time when he was sane and mentally competent: And Provided further, That whenever the deposition, affidavit or testimony of such party be taken in his lifetime or when mentally sound shall be read in evidence in such suit or proceeding, the affidavit or testimony of the other party shall be admitted in his own behalf on all matters

mentioned or covered in such deposition, affidavit or testimony: And Provided further, That when the testimony or deposition of any witness has once been taken or used (or shall have heretofore been taken and used) upon the trial of any cause, and the same was, when so taken and used, competent and admissible under this section, the subsequent death or incompetency of such witness or of any other person shall not render such testimony incompetent under this section, but such testimony shall be received upon any subsequent trial of such cause.